



**FIRST ANDES SILVER LTD.**

Condensed Interim Consolidated Financial Statements

For the Six Months Ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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**First Andes Silver Ltd.**

**Condensed Interim Consolidated Financial Statements**

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**Six Months Ended August 31, 2024 and 2023**

**(Unaudited - Expressed in Canadian Dollars)**

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**FIRST ANDES SILVER LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at August 31, 2024 and February 29, 2024  
(Unaudited - Expressed in Canadian Dollars)

	Notes	August 31, 2024 \$	February 29, 2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		270,135	10,575
Prepaid expenses and deposits		14,468	9,062
Accounts receivable		-	17,909
		<u>284,603</u>	<u>37,546</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	3,123,684	2,868,589
		<u>3,123,684</u>	<u>2,868,589</u>
<b>Total assets</b>		<u>3,408,287</u>	<u>2,906,135</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	6,9	453,117	793,905
Demand loans	7,9	-	191,917
		<u>453,117</u>	<u>985,822</u>
<b>Total liabilities</b>		<u>453,117</u>	<u>985,822</u>
<b>EQUITY</b>			
Share capital	8	13,285,854	12,092,117
Subscriptions received	12	-	7,500
Reserves		3,576,806	3,518,862
Deficit		<u>(13,907,490)</u>	<u>(13,698,166)</u>
<b>Total equity</b>		<u>2,955,170</u>	<u>1,920,313</u>
<b>Total liabilities and equity</b>		<u>3,408,287</u>	<u>2,906,135</u>

Nature of Operations (Note 1)

Going Concern (Note 2)

Approved by the Board of Directors on October 29, 2024

\_\_\_\_\_  
*"Charles Hethey"* Director  
Charles Hethey

\_\_\_\_\_  
*"Jacob Garland"* Director  
Jacob Garland

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**FIRST ANDES SILVER LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
For the three and six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

		Three months ended August 31,		Six months ended August 31,	
		2024	2023	2024	2023
	Notes	\$	\$	\$	\$
<b>EXPENSES</b>					
Accounting and audit	9	18,714	38,110	90,514	106,110
Amortization		-	1,443	-	2,886
Directors' fees	9	-	10,010	-	20,189
Foreign exchange loss		2,307	2,455	3,814	4,064
Legal fees	9	10,378	49,984	31,793	100,621
Management and consulting	9	20,223	23,192	40,598	67,156
Office and miscellaneous		5,274	17,408	11,089	23,564
Regulatory and transfer agent fees		11,030	10,771	16,841	20,669
Shareholder communications		1,754	339,776	15,473	410,108
<b>Loss before other items</b>		<b>(69,680)</b>	<b>(493,149)</b>	<b>(210,122)</b>	<b>(755,367)</b>
<b>Other income (expense) items</b>					
Interest income	5	798	-	798	871
Impairment	5	-	(130,000)	-	(130,000)
Loss on disposal of Minera Golden Hill S.R.L		-	(4,301,776)	-	(4,301,776)
<b>Loss from continuing operations</b>		<b>(68,882)</b>	<b>(4,924,925)</b>	<b>(209,324)</b>	<b>(5,186,272)</b>
Loss from discontinued operations	5(b)	-	(16,869)	-	(49,476)
<b>Net loss for the period</b>		<b>(68,882)</b>	<b>(4,941,794)</b>	<b>(209,324)</b>	<b>(5,235,748)</b>
<b>Other comprehensive income</b>					
Exchange gain on translation of foreign operations		-	211	-	847
Reclassification of translation of foreign operations on disposal of subsidiary		-	10,912	-	10,912
<b>Comprehensive loss for the period</b>		<b>(68,882)</b>	<b>(4,930,671)</b>	<b>(209,324)</b>	<b>(5,223,989)</b>
<b>Net loss for the period attributable to:</b>					
Owners of the parent company		<b>(68,882)</b>	<b>(4,935,978)</b>	<b>(209,324)</b>	<b>(5,216,405)</b>
Non-controlling interest		-	(5,816)	-	(19,343)
		<b>(68,882)</b>	<b>(4,941,794)</b>	<b>(209,324)</b>	<b>(5,235,748)</b>
<b>Loss per share attributable to the owners of the parent company – basic and diluted</b>	8(e)	<b>(0.00)</b>	<b>(0.69)</b>	<b>(0.01)</b>	<b>(0.75)</b>
<b>Loss per share attributable to non-controlling interest – basic and diluted</b>		<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>31,179,372</b>	<b>7,155,460</b>	<b>29,364,155</b>	<b>7,007,845</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**FIRST ANDES SILVER LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	2024 \$	2023 \$
<b>Cash (used in) provided by</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(209,324)	(5,235,748)
Non-cash items:		
Accretion	-	10,000
Amortization	-	2,886
Impairment	-	130,000
Loss on disposal of Minera Golden Hill S.R.L.	-	4,301,776
	(209,324)	(791,086)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(5,406)	28,831
Accounts receivable	25,623	(21,914)
Accounts payable and accrued liabilities	(205,302)	307,629
	(394,409)	(431,233)
Cash flows used in operating activities from continuing operations	(394,409)	(431,233)
Cash flows used in operating activities from discontinued operations	-	(45,307)
Cash flows used in operating activities	(394,409)	(476,540)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(398,295)	(199,394)
Disposal of Minera Golden Hill S.R.L.	-	(113)
	(398,295)	(94,636)
Cash flows used in investing activities from continuing operations	(398,295)	(94,636)
Cash flows used in investing activities from discontinued operations	-	(104,871)
Cash flows used in investing activities	(398,295)	(199,507)
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	1,292,500	365,370
Share issuance costs	(48,319)	(22,278)
Repayment of demand loans	(191,917)	-
	1,052,264	343,092
Cash flows provided by financing activities from continuing operations	1,052,264	343,092
Change in cash	259,560	(332,955)
Cash, beginning	10,575	338,729
Cash, ending	270,135	5,774

Non-cash Transactions (Note 11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**FIRST ANDES SILVER LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the three months ended May 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Share Subscriptions Received \$	Reserves \$	AOCL \$	Deficit \$	Total Equity \$	Non-controlling Interest \$	Total \$
<b>Balance, February 28, 2023</b>	6,248,632	11,769,938	-	3,367,949	(11,759)	(8,041,495)	7,084,633	1,213,361	8,297,994
Issued during the period:									
Units pursuant to private placement	730,740	219,222	-	146,148	-	-	365,370	-	365,370
Less: issue costs - finders' warrants	-	(4,765)	-	4,765	-	-	-	-	-
Less: issue costs - cash	-	(22,278)	-	-	-	-	(22,278)	-	(22,278)
Common shares pursuant to mineral property agreement	200,000	130,000	-	-	-	-	130,000	-	130,000
Disposal of 51% of Minera Golden Hill S.R.L.	-	-	-	-	10,912	-	-	(1,194,018)	(1,183,106)
Comprehensive loss for the period	-	-	-	-	847	(5,216,405)	(5,215,558)	(19,343)	(5,234,901)
<b>Balance, August 31, 2023</b>	<b>7,179,372</b>	<b>12,092,117</b>	<b>-</b>	<b>3,518,862</b>	<b>-</b>	<b>(13,257,900)</b>	<b>2,353,079</b>	<b>-</b>	<b>2,353,079</b>
 <b>Balance, February 29, 2024</b>	 7,179,372	 12,092,117	 7,500	 3,518,862	 -	 (13,698,166)	 1,920,313	 -	 1,920,313
Issued during the period:									
Shares pursuant to private placement	26,000,000	1,300,000	(7,500)	-	-	-	1,292,500	-	1,292,500
Less: Issue costs - finders' warrants	-	(57,944)	-	57,944	-	-	-	-	-
Less: Issue costs - cash	-	(48,319)	-	-	-	-	(48,319)	-	(48,319)
Comprehensive loss for the period	-	-	-	-	-	(209,324)	(209,324)	-	(209,324)
<b>Balance, August 31, 2024</b>	<b>33,179,372</b>	<b>13,285,854</b>	<b>-</b>	<b>3,576,806</b>	<b>-</b>	<b>(13,907,490)</b>	<b>2,955,170</b>	<b>-</b>	<b>2,955,170</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**FIRST ANDES SILVER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

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**1. Nature of Operations**

First Andes Silver Ltd. (formerly Mantaro Precious Metals Corp.) (the "Company", "First Andes") was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is an exploration stage company focusing on mineral properties in Peru. On April 18, 2024, the Company changed its name from Mantaro Precious Metals Corp. to First Andes Silver Ltd. The Company's head and registered and records office is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "FAS.V", the Frankfurt Stock Exchange under the symbol "9TZ" and are quoted on the OTCQB Marketplace under the symbol "MSLVF".

**2. Going Concern**

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realized values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

At August 31, 2024, the Company had not yet achieved profitable operations, had an accumulated deficit of \$13,907,490 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. At August 31, 2024, the Company had working capital deficiency of \$168,514. The above factors form a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

**3. Basis of Presentation and Material Accounting Policies**

These condensed interim consolidated financial statements have been prepared using IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended February 29, 2024 except as outlined in Note 4.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Unless otherwise stated, all dollar amounts are in Canadian dollars.

These condensed interim consolidated financial statements were approved by the Board of Directors on October 29, 2024.



**FIRST ANDES SILVER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

**4. Accounting Standards Issued but Not Yet Effective**

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

**5. Exploration and Evaluation Assets**

	Santas Gloria Silver Property(a)	Golden Hill Property(b)	East Trend and Media Sur Property(c)	Total
<b>Balance, February 28, 2023</b>	2,716,774	5,856,498	-	8,573,272
<b>Acquisition costs</b>				
Cash	67,888	-	-	67,888
Shares	-	-	130,000	130,000
<b>Total acquisition costs</b>	67,888	-	130,000	197,888
<b>Exploration costs</b>				
Administration	184,456	-	-	184,456
Field costs	15,673	-	-	15,673
Geological	-	154,495	-	154,495
Other	-	9,915	-	9,915
Project management	61,392	-	-	61,392
Permitting	18,630	-	-	18,630
<b>Total exploration costs</b>	280,151	164,410	-	444,561
<b>Impairment</b>	(196,224)	-	(130,000)	(326,224)
<b>Disposal of subsidiary</b>	-	(6,020,908)	-	(6,020,908)
<b>Balance, February 29, 2024</b>	2,868,589	-	-	2,868,589
<b>Exploration costs</b>				
Administration	54,383	-	-	54,383
Drilling	95,753	-	-	95,753
Equipment	23,384	-	-	23,384
Field costs	8,694	-	-	8,694
Other project costs	465	-	-	465
Permitting and community relations	44,253	-	-	44,253
Salary and wages	10,221	-	-	10,221
Travel/Accommodations	17,942	-	-	17,942
<b>Total exploration costs</b>	255,095	-	-	255,095
<b>Balance, August 31, 2024</b>	3,123,684	-	-	3,123,684

(a) Santas Gloria Silver Property

The Santas Gloria silver property ("Santas Gloria") is 100% owned by First Andes. It is comprised of three mineral concessions totaling 1,100 hectares and is located 55 kilometers east of Lima, Peru.

First Andes entered into an acquisition agreement for the three core mineral concessions dated October 6, 2020, as amended in September 2022 (the "Santas Gloria Agreement"). Under the terms of the Santas Gloria Agreement (as amended), First Andes is required to pay the former property owners (i) US \$340,000 (paid), (ii) US \$200,000 in monthly installments (paid), and (iii) incur a total of US \$1,500,000 in exploration expenditures (US \$500,000 by October 2021 (incurred) and US \$1,000,000 by June 2023) on the Santas Gloria silver property. During the year ended February 29, 2024, the Company paid US\$50,000 (\$67,888) to extend the exploration expenditures date from June 2023 to November 30, 2024. The Company has now completed the US \$1,000,000 exploration expenditures commitment.

**FIRST ANDES SILVER LTD.****Notes to the Condensed Interim Consolidated Financial Statements**

For the six months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

First Andes will also pay a one-time discovery bonus of US \$1,000,000 upon announcement of a resource estimate of 10,000,000 ounces silver equivalent on the three mineral concessions of the Santas Gloria property acquired under the Santas Glorias Agreement dated October 6, 2020. This bonus is contingent purchase consideration, and no amount has been accrued as a liability due to the inherent uncertainty in an obligation based solely on a future resource estimate on an exploration stage property.

On July 15, 2021, First Andes entered into a purchase agreement with a third-party property vendor to acquire four mineral concessions totaling 2,302 hectares. These four mineral concessions are located adjacent to and/or in the near vicinity of the three core concessions. On September 7, 2021, the Company issued 50,000 shares with a fair value of \$132,500 and paid US\$50,000 (\$63,724) to the property vendor to acquire these four mineral concessions. During the year ended February 29, 2024, the Company determined to let these concessions lapse and accordingly, recorded impairment expense of \$196,224.

**(b) Golden Hill Property**

The Company had an option to acquire up to 80% of Minera Golden Hill S.R.L. ("MGH") from Luis Fernando Kinn Cortez (the "Optionor"). The Golden Hill property is wholly-owned by MGH and is accessed through the mining town of San Ramon in the department of Santa Cruz, Bolivia. The property is comprised of one concession totaling 5,961 hectares.

On August 28, 2023, the agreement was terminated.

The loss from discontinued operations during the six months ended August 31, 2024 and 2023 is as follows:

	<b>Three months ended August 31,</b>		<b>Six months ended August 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting	-	860	-	2,657
Accretion	-	5,000	-	10,000
Management and consulting	-	4,783	-	14,486
Office and miscellaneous	-	6,226	-	22,333
<b>Loss from discontinued operations</b>	<b>-</b>	<b>16,869</b>	<b>-</b>	<b>49,476</b>

**6. Accounts Payable and Other Liabilities**

	<b>August 31, 2024 \$</b>	<b>February 28, 2024 \$</b>
Trade payables and accrued liabilities	<b>453,117</b>	793,905
	<b>453,117</b>	793,905

**7. Demand Loans**

During the year ended February 29, 2024, the Company received \$90,000 of non-interest bearing due on demand loans from a corporation controlled by a director of the Company.

During the year ended February 29, 2024, the Company also received additional non-interest bearing due on demand loans from shareholders totaling US\$75,170 (\$101,917).

As at February 29, 2024, the total balance of demand loans was \$191,917.

During the six months ended August 31, 2024, the demand loans were repaid in full.

**FIRST ANDES SILVER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

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**8. Share Capital****a. Common shares authorized**

Unlimited number of common shares.

**b. Common share issuances**

During the six months ended August 31, 2024, the Company entered into the following common share transactions:

- On April 3, 2024, the Company completed a non-brokered private placement of 26,000,000 common shares at \$0.05 per share for gross proceeds of \$1,300,000. As at February 29, 2024, the Company had received \$7,500 of subscriptions towards this private placement.

In connection with the private placement, the Company paid finder's fees in cash totaling \$31,150 and issued 623,000 finders' warrants exercisable at \$0.05 per share up to March 28, 2026. The finders' warrants were fair valued at \$57,944 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.115; exercise price - \$0.05; risk-free interest rate of 3.92%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 141.13%. In addition, the Company incurred other cash issuance costs including legal fees and filing fees of \$17,169.

During the six months ended August 31, 2023, the Company entered into the following common share transactions:

- On March 16, 2023, the Company completed a non-brokered private placement of 730,740 units at \$0.50 per unit for gross proceeds of \$365,370. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$1.00 per share up to March 16, 2024. The Company used the residual method to bifurcate the unit value with \$219,222 allocated to the common shares based on the fair value of the shares at the date of issuance, and the \$146,148 residual to the warrants.

In connection with the private placement, the Company issued 34,300 finders' warrants exercisable at \$0.50 per share up to March 16, 2025. The finders' warrants were fair valued at \$4,765 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.30; exercise price - \$0.50; risk-free interest rate of 2.95%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 110%. In addition, the Company incurred other cash issuance costs including finders' fees, legal fees and filing fees of \$22,278.

**c. Options**

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants. The maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the market price of a common share on the trading day immediately preceding the date of option grant. The vesting terms of the awards are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 30 days of termination of employment or holding office as a director or officer of the Company.

**FIRST ANDES SILVER LTD.**

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

Changes in share purchase options during the six months ended August 31, 2024 and the year ended February 29, 2024 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2023	676,500	\$1.79	4.26
Forfeited	(314,000)	\$1.80	
Outstanding, February 29, 2024	362,500	\$2.00	3.25
Forfeited	(130,000)	\$0.17	
Outstanding and exercisable, August 31, 2024	232,500	\$1.82	2.73

During the six months ended August 31, 2024, the Company recorded share-based payment expense of \$nil (2023 - \$nil). There were no options granted during the periods.

At August 31, 2024, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
72,500	\$3.50	June 1, 2026
30,000	\$2.50	September 15, 2026
10,000	\$3.50	May 3, 2027
120,000	\$0.50	February 27, 2028
<u>232,500</u>		

**d. Warrants**

Changes in share purchase warrants during the six months ended August 31, 2024 and the year ended February 29, 2024 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2023	125,000	\$1.82	1.26
Issued	765,040	\$1.00	
Expired	(50,000)	\$0.50	
Outstanding, February 29, 2024	840,040	\$1.01	0.12
Issued	623,000	\$0.05	
Expired	(793,240)	\$0.96	
Outstanding, August 31, 2024	669,800	\$0.12	1.50

At August 31, 2024, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
12,500	\$2.50	November 30, 2024
34,300	\$0.50	March 16, 2025
623,000	\$0.05	March 28, 2026
<u>669,800</u>		

**e. Basic and diluted loss per share**

During the six months ended August 31, 2024, potentially dilutive common shares totaling 902,300 (2023 – 1,491,540) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

**FIRST ANDES SILVER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended August 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

**f. Escrow shares**

The Company entered into escrow agreements and 688,941 common shares of the Company were placed in escrow. Under the escrow agreements, the common shares held in escrow will be released from escrow as follows: 68,893 on May 21, 2021 (released) and 103,341 common shares on each of November 21, 2021 (released), May 21, 2022 (released), November 21, 2022 (released), May 21, 2023 (released), November 21, 2023 (released) and May 21, 2024 (released).

As at August 31, 2024, no common shares remained in escrow (February 29, 2024 – 103,341).

**9. Key Management Compensation, Related Party Transactions and Balances**

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the board of directors and corporate officers. The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

During the three and six months ended August 31, 2024 and 2023, the Company incurred the following expenditures charged by directors and officers of the Company, or former directors and officers of the Company, and/or companies they owned or were significant shareholders of:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>August 31,</b>		<b>August 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting fees	<b>24,450</b>	30,000	<b>48,750</b>	54,000
Directors' fees	-	10,010	-	20,189
Legal fees and share issuance costs	<b>6,364</b>	41,357	<b>38,459</b>	67,997
Management and consulting	<b>20,223</b>	23,192	<b>40,598</b>	67,156
Shareholder communications	-	5,000	-	11,000
	<b>51,037</b>	109,559	<b>127,807</b>	220,342

The remuneration of key management personnel for the six months ended August 31, 2024 and 2023 is as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>August 31,</b>		<b>August 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term benefits	<b>51,037</b>	109,559	<b>127,807</b>	220,342
	<b>51,037</b>	109,559	<b>127,807</b>	220,342

At August 31, 2024, accounts payable and accrued liabilities include due to current and former related parties of \$247,406 (February 29, 2024 - \$273,709) and demand loans include due to related parties of \$nil (February 29, 2024 - \$90,000) owed to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

**FIRST ANDES SILVER LTD.**

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**10. Financial Instruments*****Management of Capital***

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the exploration and development of its mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of share capital, reserves and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and by controlling the capital expenditures program.

The mineral properties are in the exploration stage. As such, the Company is dependent on external financing to develop its properties and fund its activities. In order to carry out its planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available, and may even dispose of its interest in the mineral properties.

Management reviews its capital management approach on an ongoing basis and no changes were made to the approach during the six months ended August 31, 2024. At August 31, 2024 the Company was not subject to any externally imposed capital requirements.

***Risk Management***

Discussions of risks associated with financial assets and liabilities are detailed below:

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

**Commodity Price Risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of minerals under exploration.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Refer to the going concern note for additional disclosure (Note 2). As at August 31, 2024 and February 29, 2024, the Company had working capital as follows:

	<b>August 31, 2024 \$</b>	<b>February 29, 2024 \$</b>
Current assets	<b>284,603</b>	37,546
Current liabilities	<b>(453,117)</b>	(985,822)
Working capital (deficiency)	<b>(168,514)</b>	(948,276)

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

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a) *Currency Risk*

As at August 31, 2024 and February 29, 2024, most of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has operations in foreign jurisdictions outside of Canada and as such has currency risk associated with its operations. The Company mitigates this risk by holding a small amount of cash in foreign currencies.

b) *Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As the Company has no interest bearing financial instruments, the Company is not exposed to interest rate risk.

c) *Price Risk*

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Company has no financial instruments subject to price risk.

**11. Non-cash Transactions**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flows. During the six months ended August 31, 2024, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- a) deferred exploration expenditures of \$63,265 included in accounts payable and accrued liabilities at August 31, 2024, less expenditures included in accounts payable at February 29, 2024 of \$206,465 (net inclusion of \$143,200); and,
- b) the issuance by the Company of 623,000 finders' warrants at the fair value of \$57,944 in connection with the March 28, 2024 private placement.

During the six months ended August 31, 2023, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- a) deferred exploration expenditures of \$91,550 included in accounts payable and accrued liabilities at August 31, 2023, less expenditures included in accounts payable at February 28, 2023 of \$21,575 (net exclusion of \$69,975);
- b) the issuance by the Company of 343,000 finders' warrants at the fair value of \$4,765 in connection with the March 16, 2023 private placement; and,
- c) The issuance by the Company of 200,000 common shares at the fair value of \$130,000 pursuant to a mineral property agreement.